

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, January 16, 2013, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:00 a.m.

Pledge of Allegiance:

Chairman Mark Huggins led the pledge of allegiance.

Members Present:

Cpl. Mark Huggins, Chairman
Capt. Kelly Gibson, Vice Chairman
Mr. John Broussard, designee for Treasurer
Chief Stephen Caraway
Cdr. Henry Dean
Capt. (Ret.) Willie Joe Greene
Ms. Andrea Hubbard, designee for DOA Commissioner
Chief Dwayne Munch
Mayor Joey Normand
Sgt. (Ret.) Larry Reech

Members Absent:

Mayor Barney Arceneaux
Chief K. P. Gibson
Senator Elbert Guillory
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Jeff Boucek, Segal Rogerscasey
Mr. John Dickson, Segal Rogerscasey
Mr. Greg Curran, GS Curran & Company, Ltd
Mr. Richard Hartzell, JPMorgan
Ms. Margaret Corley, Attorney Senate Retirement
Ms. L.A. Tucker, Monroe Police Department
Mr. Joe Lawrence, AllianceBernstein
Mr. Chris Marx, AllianceBernstein
Mr. James Allen, III, New Orleans Police Department
Ms. Nancy Overstreet, New Orleans Police Department
Mr. James Percy, Attorney, Jones Walker

Public Comment:

Chairman Huggins called for public comment. There was no comment from the public in attendance.

Approval of minutes:

Motion by Mr. Kelly Gibson seconded by Mr. Greene to approve the minutes of the meeting held December 12, 2012 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Kelly Gibson seconded by Mr. Caraway to approve the applications for regular retirement. Without objection the motion carried.

| <u>NAME</u> | <u>CITY/TOWN</u> | <u>EFF. DATE</u> | <u>YEARS OF SERVICE</u> | <u>PLAN</u> |
|------------------|------------------|----------------------|-----------------------------|-------------|
| Kenneth Bates | Port Allen | 01/01/13 | 24.51 | Max |
| James Eaton | New Orleans | 11/03/12 | 25.01 | Max |
| Michael Hardy | Maurice | 01/05/13 | 16.47 | 02 |
| Robert Peden | Ruston | 11/17/12 | 25.71 | 02 |
| Richard Stanford | Plain Dealing | 01/01/13 | 16.00 | 3a |

Motion by Mr. Greene seconded by Mr. Reech to approve the applications for DROP. Without objection the motion carried.

| <u>NAME</u> | <u>CITY/TOWN</u> | <u>EFF. DATE</u> | <u>YEARS OF SERVICE</u> | <u>PLAN</u> |
|------------------|------------------|----------------------|-----------------------------|-------------|
| Wayne Benjamin | Bossier City | 11/14/12 | 18.12 | 2a |
| Stephen Browning | Baton Rouge | 11/20/12 | 28.80 | Max |
| Karl Kreider | New Orleans | 12/01/12 | 25.01 | 3a |
| Cynthia McKnight | Bastrop | 11/25/12 | 20.08 | Max |
| Matthew Riles | New Orleans | 11/25/12 | 25.11 | 2a |

Motion by Mr. Reech seconded by Mr. Munch to approve the applications for DROP to regular retirement. Without objection the motion carried.

| <u>NAME</u> | <u>CITY/TOWN</u> | <u>EFF. DATE</u> | <u>YEARS OF SERVICE</u> | <u>PLAN</u> |
|-----------------------|------------------|----------------------|-----------------------------|-------------|
| Joyce Allen | Hammond | 01/01/13 | 24.08 | 02 |
| John Bradford | Monroe | 02/01/13 | 30.00 | Max |
| Daniel Brim | Baton Rouge | 01/19/13 | 28.02 | 3a |
| Vinetta Briscoe | Sulphur | 02/01/13 | 21.59 | Max |
| Donald Carey | New Orleans | 12/28/12 | 26.35 | 2a |
| Darrell Cesario | Baton Rouge | 01/19/13 | 28.38 | Max |
| George Chenevert, Jr. | New Orleans | 01/01/13 | 29.83 | 2a |
| Wayne McInnis | Kenner | 12/17/12 | 30.00 | Max |
| Jerome Moore | New Orleans | 12/02/12 | 29.71 | 2a |
| Peter Parker | New Orleans | 12/31/12 | 27.56 | Max |
| Joseph Valiente | New Orleans | 11/03/12 | 32.37 | 2a |
| James Ward, III | New Orleans | 12/30/12 | 32.62 | Max |

Motion by Mr. Kelly Gibson seconded by Mr. Reech to approve the application for Early retirement. Without objection the motion carried.

| <u>NAME</u> | <u>CITY/TOWN</u> | <u>EFF. DATE</u> | <u>YEARS OF SERVICE</u> | <u>PLAN</u> |
|----------------|------------------|----------------------|-----------------------------|-------------|
| Michael Brewer | Baton Rouge | 12/17/12 | 20.00 | 2a |

Disability Retirement:

Motion by Mr. Dean seconded by Mr. Reech to defer action on Mr. James Allen, III's (New Orleans) duty related disability application until clarification from MPERS' doctor is received. Without objection the motion carried.

Mr. James Allen arrived at the meeting after the vote on his application was made and did not address the board.

Ms. Nancy Overstreet (New Orleans) attended the board meeting to provide information relative to her application for disability retirement. Chairman Huggins advised Ms. Overstreet that she had the option of having her application discussed in open session or executive session. Ms. Overstreet opted for executive session.

Motion by Mr. Reech seconded by Mr. Dean to go into executive session at 9:42 a.m. to discuss Ms. Nancy Overstreet's disability application. Without objection the motion carried.

Return to regular session at 9:51 a.m.

Motion by Mr. Reech seconded by Mr. Dean to approve Ms. Nancy Overstreet's duty related disability as presented. The motion carried, Mr. Greene abstained from voting.

Investment Managers Presentation:

Mr. Joe Lawrence and Mr. Chris Marx represented Alliance Bernstein to present the annual report for the Index Portfolio and the International Value Portfolio. The market value for the S&P 500 Index Portfolio was \$141,214,952 as of December 31, 2012. The market value for the International Value Portfolio was \$98,043,721 as of December 31, 2012.

Motion by Mr. Broussard seconded by Mr. Greene to table the action of terminating AllianceBernstein pending the results of the investment consultant interviews. Without objection the motion carried.

Litigation Update:

Motion by Mr. Dean seconded by Mr. Greene to go into executive session at 9:52 a.m. to discuss CPERS and Mr. Gasper Dipaola's pending litigation with Mr. James Percy. Without objection the motion carried.

Return to regular business at 10:13 a.m.

Motion by Mr. Caraway seconded by Mr. Broussard to approve the agreement regarding Gasper Dipaola vs MPERS and authorize Mr. James Percy to sign the agreement on MPERS' behalf. Without objection the motion carried.

Investment Consultant's Report:

Segal Rogerscasey:

Mr. Jeff Boucek and Mr. John Dickson represented Segal Rogerscasey.

Mr. Boucek presented an overview of AllianceBernstein International Value Equity. Segal Rogerscasey recommended terminating AllianceBernstein as the International Value manager at the September 19, 2012 meeting. Mr. Boucek advised that the recommendation was based not only on poor performance of the account, but also on the loss of investment professionals responsible for the product.

Mr. Boucek reported that assets increased during December by \$23 million ending the month with a market value of \$1,472,674,696. The total fund returned 1.57% (preliminary) which underperformed the Policy Index return of 1.85% by 0.28%.

Actuary Comments:

Mr. Greg Curran represented G.S. Curran & Company and discussed their concerns about the payment structure for the system's unfunded accrued liability. The current structure as defined by R.S.11:103 requires amortization of actuarial gains and losses over a thirty year period. Mr. Curran advised that this is a significant mismatch with current active plan demography and an analysis of the current active lives population

reveals that the average future working lifetime of the current membership is only 8.35 years. Although this does not indicate that all members will exit the fund after 8.35 years of service, it does demonstrate that virtually all of the existing population will have terminated employment long before the thirty year time horizon currently utilized to amortize gains and losses.

Mr. Curran recommends that the payment structure of the system's unfunded accrual liability be revised in two ways. First, that the existing set of unfunded accrued liability amortization schedules be combined and offset to a single payment set amortized as level payments over twenty years. Second, that all future gains and losses or changes in benefits or assumptions be amortized over a period of fifteen years with level payments. Mr. Curran stated that funding the benefits as currently structured presents many challenges, but he believes a restructuring of the unfunded accrued liability payment schedule would be a first step in dealing with the structural problems faced by the system.

Custodian Report by JPMorgan:

Mr. Richard Hartzell represented JPMorgan at the meeting. Total market value as of December 31, 2012 was \$1,473,342,414.28.

Mr. Caraway left the meeting.

Investment Consultant's Search:

Mr. Roche advised that a total of nine invitations to bid were sent for investment consultants and six consultants responded. Asset Strategy Consultants, Bogdahn Group, Callan Associates, NEPC, Segal Rogerscasey and Summit Strategies.

Motion by Mr. Dean seconded by Mr. Reech to interview all six investment consulting firms that responded to the invitation to bid. Asset Strategy Consultants, Bogdahn Group, Callan Associates, NEPC, Segal Rogerscasey and Summit Strategies. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Kelly Gibson to conduct the interviews on Tuesday, February 19, 2013 beginning at 9:00 a.m. Without objection the motion carried.

Election for Chief District I:

Chairman Huggins advised that Chief Christopher Elg has resigned from the West Monroe Police Department and has accepted a job in Florida.

Motion by Mr. Dean seconded by Mr. Kelly Gibson to call for an election to fill the unexpired term of Chief Elg and to adopt the election schedule as submitted. Without objection the motion carried.

SCHEDULE

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|--------------------------|---|
| <u>January 28, 2013</u> | Election Schedule, Rules and Petitions mailed to eligible voting members |
| <u>February 15, 2013</u> | Petitions due in the post office box of Hawthorn, Waymouth & Carroll by 4:30 p.m. |
| <u>February 20, 2013</u> | Nominations accepted by Board of Trustees |
| <u>March 1, 2013</u> | Ballots mailed to eligible voting members |
| <u>March 18, 2013</u> | Ballots due in the post office of Hawthorn, Waymouth & Carroll by 4:30 p.m. |

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|-----------------------|---|
| <u>March 19, 2013</u> | Ballots counted and verified beginning at 2:00 p.m. at the office of Hawthorn, Waymouth & Carroll, 8555 United Plaza Blvd., Baton Rouge, LA 70809 |
| <u>March 20, 2013</u> | Board accepts certified ballot count and publishes results |
| <u>April 1, 2013</u> | Elected trustee takes office |

Other Business:

Real Estate:

Mr. Roche advised that he is currently negotiating with an individual interested in purchasing 80 vacant lots in Olde Oaks Development.

Attorney General's Response:

Mr. Kelly Gibson inquired about the Attorney General's Opinion regarding DROP withdrawals. Mr. Roche advised that he has not received a response.

Motion by Mr. Dean seconded by Mr. Reech to adjourn the meeting at 11:42 p.m. Without objection the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held January 16, 2013.

Mark Huggins, Chairman

Kathy Bourque, Director